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NAME IS A PITFALL FOR FOUNDATION

Title for Latin Venture Unit
Is Like C.I.A.-Aided Ones

Special to The New York Times

WASHINGTON, Feb. 19—The Organization of American States and the State Department were concerned today that a small but promising venture in Latin-American self-help might be endangered as a result of last week's revelations that many organizations received funds from the Central Intelligence Agency.

The name of this venture is the Pan American Development Foundation. Although it is a private, nonprofit foundation, it was established four years ago on the initiative of the Organization of American States. The chairman of its board is Dr. Jose A. Mora, who is secretary general of the O.A.S. Officials here remarked that the little known Pan American Development Foundation might easily be confused with the Pan American Foundation, situated at the University of Florida in Gainesville, or the International Development Foundation in New York City.

Two Received Funds

Both of these foundations, which administer many projects in Latin America, were identified last week as the recipients of large annual intelligence agency subsidies that were channeled first through dummy, and then through legitimate, foundations in what is known as a "pass-through" operation.

Officials closely connected with the Pan American Development Foundation said they were positive that the fledgling foundation had no connection with the agency.

"It is absolutely clean," one official said.

The primary purpose of the foundation is to try to induce among Latin-American businessmen and financiers a sense of social responsibility and to encourage them to take a direct role in promoting social progress by investing money in community development.

Traditionally, as those connected with the foundation note, wealthy persons in Latin America often have been willing to leave social and economic betterment to the church and the government.

In line with this purpose, the Pan American Development Foundation insists that any investment it makes in a project from installing a village water system in Chile to rebuilding an old brick factory in an Amazon town—must be matched by private funds. And if a private business profits from investment in a project, it must set aside a percentage of the profits for projects in other countries.

Last year the foundation merged with the "tools for Freedom" program, under which United States industry donates surplus machinery for vocational training schools in Latin America. The ultimate aim of the foundation is to encourage the formation of many private foundations akin to those in the United States that promote educational and community projects.

The Pan American Development Foundation is still in its infancy. Last year its program activities amounted to only \$2.5-

million. This year it hopes to invest \$3-million.

So far its administrative costs, which amounted to only \$56,000 last year, have been borne by four American foundations. They are the Rockefeller Foundation, the W. H. Donner Foundation, the Russell Sage Foundation and the Clark estate (Singer Sewing Machine Company), which has supplied administrative funds for "Tools for Freedom."

Normally U.S. foundations do not underwrite administrative expenses, preferring to put their money into projects. Now that the foundation is well under way, the four foundations want to cease subsidizing these administrative costs. As a result, the Pan American Development Foundation is asking that the O.A.S. itself supply the \$40,000 and the rest of the American states \$20,000. This question has been before the organization's Budget Committee.

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